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## **PART 5332—CONTRACT FINANCING**

### **SUBPART 5332.1—NON-COMMERCIAL ITEM PURCHASE FINANCING**

#### **5332.104 Providing contract financing.**

The contracting officer shall promptly report known adverse developments through contracting channels to the MAJCOM. If the adverse development involves a contractor or subcontractor having a bank loan guaranteed by the Air Force, progress payments, or an advance payment, the MAJCOM shall report the adverse development, its expected impact upon continued satisfactory performance under the contract, remedial actions taken to date, and any recommendations for further action to SAF/AQCP.

#### **5332.108 Financial consultation.**

If an exceptional case arises, the contracting officer shall submit the fully documented file through contracting channels to the MAJCOM. If the MAJCOM determines that approval is required by higher authority, submit a memorandum outlining the pertinent facts together with a recommendation on the action to be taken to SAF/AQCP no later than 30 days before the needed effective date of the proposed financing arrangement.

### **SUBPART 5332.3—LOAN GUARANTEES FOR DEFENSE PRODUCTION**

#### **5332.304 Procedures.**

##### **5332.304-1 Application for guarantee.**

Upon receipt of an application and supporting data for a guaranteed loan from the Federal Reserve Bank, the MAJCOM shall request the cognizant DCMC to analyze the contractor's financial condition. The request should include, as a minimum, an examination of the contractor's balance sheet and operating statement. The MAJCOM should request the DCMC to give special attention to the classification and evaluation of accounts to ensure that they are in accordance with generally accepted accounting principles with emphasis on accounts receivable, inventories, and deferred charges. The DCMC should be requested to furnish the supporting data on a priority basis, normally within five work days.

##### **5332.304-2 Certificate of eligibility.**

The Assistant for Accounting and Banking, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller), SAF/FMPB, or the Contract Finance Offices of the Department of the Army, Navy, or Defense Logistics Agency may request certificates of eligibility covering Air Force contracts. Submit requests for certificates to SAF/AQCP. SAF/AQCP shall evaluate all supporting data and furnish appropriate comments to the requester of the certificate.

### **SUBPART 5332.4—ADVANCE PAYMENTS FOR NON-COMMERCIAL ITEMS**

#### **5332.409 Contracting officer action.**

(a) The contracting officer shall submit each advance payment request involving only a single contract and each request for a pool agreement not covered by (b) below to the MAJCOM Director of Contracting who shall forward the request to SAF/AQCP with a recommendation. SAF/FMPB is the approval authority for advance payment requests for single contracts.

(b) The contracting officer shall forward requests from educational and non-profit organizations for advance payment pool agreements to the Director of Contracts, Air Force Office of Scientific Research (AFOSR/PK), Bolling AFB, Washington, DC 20332.

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**5332.470 Advance payment pool.****5332.470-90 Advance payment pool agreements—educational and research institutions.**

- (a) The requirements for approval of an advance payment pool agreement are the same as for a single contract.
- (b) A single disbursing office shall have disbursing responsibility for all Air Force contracts in the advance payment pool.
- (c) New contracts awarded to institutions which have an advance payment pool agreement shall also be included in the existing agreement.
- (d) Prior clearances shall be obtained from AFOSR/PK before including contracts in an advance payment pool agreement. Requests for clearance shall identify originating office, name of institution, contracting officer, adjustment of funding by supplemental agreement/amendment, incremental funding, duration and end-date of contract, type of services/supplies to be delivered, type of contract, contract number, and the accounting and finance office shown in the advance payment pool agreement.

**5332.470-91 Initiating request, obtaining approval, and executing agreement.**

- (a) Educational and research institutions desiring an advance payment pool agreement shall submit their request to the contracting officer. The documentation supplied by the institution to justify an advance payment pool agreement shall include the following:
  - (1) Letter of request accompanied by the amount proposed for the advance payment pool limitation;
  - (2) Schedule of contracts to be covered by the agreement, with the following information for each contract:
    - (i) Contract number;
    - (ii) Contract price;
    - (iii) Period of performance;
    - (iv) Government buying office;
    - (v) Designated Government contract administration office; and
    - (vi) Designated Government payment office;
  - (3) Cash flow statement which illustrates cash expenditure requirement on a contract-by-contract basis for the ensuing 12 months, using the following columnar headings:
    - (i) Column A - Contract Number;
    - (ii) Column B - Contract Expense Incurred To Date;
    - (iii) Column C - Estimated Contract Expense To Be Incurred; and
    - (iv) Columns D through O - Contract Expense Forecast (for each of the next 12 months);
  - (4) Any other information which would demonstrate the need for an advance payment pool agreement.
- (b) The contracting officer shall review the institution's request and supporting documentation and, within seven days from receipt, forward the request to AFOSR/PK.
- (c) Within 15 days after receipt of the request, AFOSR/PK shall complete its review of the justification for completeness and compliance with the FAR. When satisfied that the requirements have been met, AFOSR/PK shall forward the request and other related documentation to SAF/AQCP. SAF/AQCP will forward the request to SAF/FMPB.
- (d) The administering office, disbursing office, and approving office designated in the advance payment pool agreement shall perform the following responsibilities:
  - (1) *Administering office.* The contract administration office is responsible for:

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- (i) Obtaining repayment of unliquidated advance payments in excess of requirements or advance payment pool limit, when advised of such excess by the approving office;
- (ii) Administering default and insurance provisions; and
- (iii) Periodically determining status of all contracts covered by the advance payment pool agreement.

(2) *Disbursing office.* An Air Force accounting and finance office is responsible for the disbursing functions of the advance payment pool agreement. Because of the importance of cash flow to an institution, the disbursing office should be located as close as practicable to the institution. Specific duties include:

- (i) Advancing funds to the institution;
- (ii) Ensuring that funds advanced do not exceed the advance payment pool limitation or the combined unpaid price of covered pool contracts;
- (iii) Maintaining accounting control over funds advanced, amounts liquidated, and unliquidated balances; and
- (iv) Receiving invoices from the institution and making payments against individual contracts.

(3) *Approving office.* A contract administration office is responsible for approving advance payment requests from the institution. Specific duties include:

- (i) Receiving advance payment requests from the institution;
- (ii) Ensuring that requests are properly supported and justified;
- (iii) Approving advance payment requests; and
- (iv) Ensuring that pool funds are used for intended purposes.

(e) SAF/FMPB shall evaluate the request within 30 days of receipt to determine if the advance payment pool agreement is justified. Assistance may be solicited from other sources such as contracting officers, auditors, disbursing officers, and, if necessary, field visits to the institution. SAF/FMPB is responsible for:

- (1) Ensuring that the institution has adequate procedures and internal controls over cash disbursements;
- (2) Validating cash flow projections;
- (3) Determining amount to be authorized for advance payment pool limit, giving full consideration to reimbursement cycles and needed cash management procedures;
- (4) Preparing findings, determinations, and authorizations; and
- (5) Preparing advance payment pool agreements. Recommendations shall be coordinated with SAF/AQ and SAF/GC.

(f) SAF/FMPB shall approve and forward the findings, determinations, and authorizations for advance payments and the advance payment pool agreement to AFOSR/PK.

(g) Upon receipt of the signed D&F, AFOSR/PK shall take necessary actions to award the advance payment pool agreement and incorporate it into affected contracts. AFOSR/PK shall ensure that the clause at DFARS 252.232-7000, Advance Payment Pool, is included in each contract covered by the agreement.

(h) The contracting officer shall amend affected contracts, as appropriate, in order to incorporate the advance payment pool agreement.

**5332.470-92 Administration of agreements.**

SAF/FMPB shall establish internal procedures for the accounting and internal control over advance payments made to institutions by the Air Force accounting and finance offices which perform duties of a disbursing office. SAF/FMPB shall reevaluate advance payment pool limitations and recommend adjustments, when necessary, using the procedures in 5332.470-91.

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**SUBPART 5332.5—PROGRESS PAYMENTS BASED ON COSTS****5332.501 General.****5332.501-2 Unusual progress payments.**

Except for AFMC, the contracting officer shall submit contractor requests for unusual progress payments to the MAJCOM. The MAJCOM Deputy Chief of Staff/Contracting shall recommend to SAF/AQ whether the request for unusual progress payments should be approved. All requests for unusual progress payments, whether recommended for approval or disapproval, shall be promptly forwarded to SAF/FMPB through SAF/AQCP together with all pertinent data supporting the recommended action. AFMC requests and recommendations will be submitted through SAF/AQCP to SAF/FMPB in accordance with AFMC procedures.

**5332.501-3 Contract price.**

(a)(3) When provisional increases totaling \$20 million or more have been made under a contract, the contracting officer shall notify SAF/FMPB.

**5332.502 Preaward matters.****5332.502-2 Contract finance office clearance.**

The procedures in 5332.501-2 apply to FAR 32.502-2 (a) and (b). When seeking approval to provide progress payments to contractors of the type described in FAR 32.502-2 (c), the contracting officer shall submit the necessary information directly to SAF/FMPB.

**SUBPART 5332.6—CONTRACT DEBTS****5332.610 Demand for payment of contract debt.**

(a) Demands for payment of contract debts resulting from default termination shall require the debtor to make payment by: (1) check made payable to “Defense Finance and Accounting Service” and forwarded to Defense Finance and Accounting Service, DFAS-CO-FDP, P.O. Box 93031, Chicago, IL 60673-3031; or (2) Electronic Funds Transfer to First Chicago National Bank, for credit to Account Number 1165186 in the name of the Defense Finance and Accounting Service, P.O. Box 93031, Chicago, IL 60673-3031.

(b) When the contracting officer issues a demand for payment against a contract for which the payment office and cognizant accounting and finance office are different, the contracting officer shall provide a copy of the demand to both offices. Whenever a contracting officer renders a final decision that results in a contractor being contractually indebted to the Government, the contracting officer shall simultaneously issue a demand letter to the contractor (see FAR 32.610 (b)), with a copy to the appropriate finance office. The demand letter must be concurrently issued in all such cases, irrespective of any action taken or planned by the contractor to appeal the contracting officer’s decision.

**5332.613 Deferment of collection.**

For all but AFMC, the recipient office shall forward requests for deferment of contract debts to the Director of Contracting at the MAJCOM headquarters who shall submit, on a priority basis, an evaluation of the contractor’s proposal with the necessary reporting information and recommendation through command channels to the Air Force Contract Finance Office, SAF/FMPB. AFMC actions will be submitted to SAF/FMPB in accordance with AFMC procedures.

**5332.670 Transfer of responsibility for debt collection.**

Ascertaining and collecting delinquent contract debts is the responsibility of DFAS-CO-FDP. Debt cases shall be transferred to that office for collection as prescribed in FAR Subpart 32.6.

**SUBPART 5332.7—CONTRACT FUNDING**

**5332.790 Base contract funding.**

(a) Base contracting activities shall not issue a solicitation for supplies or services without an allotment citation of funds availability unless the purchase request is for:

(1) A requirement chargeable to the Air Force Stock Fund and the local primary stock fund manager (of a stock fund division that is exempt from apportionment control) furnishes the following signed certificate to the contracting office:

“I certify that all purchase requests for [insert stock fund item names] stock fund items for fiscal year [insert fiscal year] are provided for in the approved [insert name] operating program for fiscal year [insert fiscal year]. The proper accounting classification to be cited for the entire fiscal year is [insert classification].”

(2) An industrial fund requirement and the accounting agent has furnished an annual certificate substantially the same as in paragraph (1) above, except that the accounting agent shall enter the fund cite on each purchase request;

(3) A contract conditioned upon the availability of funds as authorized in FAR 32.703-2;

(4) A requirements type contract is to be established which does not require a firm funded order at time of contract execution;

(5) Information needed for planning purposes pursuant to FAR 15.405; or

(6) Requirements under paragraphs (b) or (c) below.

(b) When a purchase request is for one of the requirements listed in (b)(1) through (4), the base contracting activity may issue a solicitation, receive and open offers, and prepare final award documents (including contract clearance, if required). However, the contract shall not be signed by the contracting officer; delivered to the contractor; nor will the contractor be notified that it has been awarded a contract until funds have been certified by the accountable AFO. Since contract award will not be made subject to the availability of funds, the procedure and clause prescribed in FAR 32.703-2 (a) shall not be used. If additive or deductive items are included in the bid schedule, the contracting officer shall determine the amount of available funds before bid opening:

(1) A project in connection with family housing and/or mobile home parks, upon direction by AF/CE;

(2) Construction to be commenced in the next fiscal year, if the approving authority certifies that the requirement has a high enough priority to ensure that it will not be canceled when the next fiscal year funds become available. Current fiscal year funds may be used if they become available before the end of the fiscal year and the contract can be obligated as required by AFR 170-8;

(3) A military construction program (MCP) project when the contracting office receives written notification that the Air Force has responsibility for the acquisition, that the project has been approved for acquisition, and funds are available and being forwarded through channels. This exception still applies when the purchase request funding is limited to the amount of the initial Government estimate and the latest estimate, based on actual design and engineering information, exceeds the amount of the purchase request. In such cases, solicit bids or proposals before requesting additional funds; and

(4) A minor construction project (P-341 funds and commissary surcharge funds) supported by a statement that funds are being held in reserve at HQ USAF and will be made available when needed to award the contract.

(c) The MAJCOM Civil Engineer, Director of Contracting, and Comptroller may jointly agree in writing to authorize base contracting activities to issue solicitations for facility project requirements when it is anticipated that the contract will be awarded in the current fiscal year but funds are not yet available. Use of this authority is subject to the following:

(1) MAJCOMs should carefully consider the use of this authority. It should only be used for non-complex projects for which estimated bid or proposal preparation costs are relatively low in relation to the estimated cost of the project. Also, MAJCOMs should consider imposing a limit on either the project value or the aggregate value of all projects solicited using this procedure;

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(2) Projects that may be solicited under this authority include those for maintenance, repair and minor construction, facility O&M projects, and environmental restoration and compliance projects, which the MAJCOM civil engineer has reviewed, verified as a bona fide need, and determined that there is a reasonable likelihood that the project will be funded in the annual year-end program;

(3) MAJCOM Civil Engineering and Comptroller offices will identify to Contracting the projects selected to be solicited under this authority, in adequate time to permit solicitation and processing. MAJCOM Contracting, Comptroller, and Civil Engineering shall establish a reasonable cut-off date for cancellation of solicitations, in order to have time to open the offers and process the contract award before the end of the fiscal year;

(4) Solicitations may not be opened until the funds certifying official either certifies that funds are available, or notifies the contracting officer that there is reasonable assurance that funds will be available after opening. If a reasonable assurance notification is received from the funds certifying official, the solicitation may be opened and processed up to the point of award. However, the contract shall not be signed by the contracting officer, delivered to the contractor, nor will the contractor be notified that it has been awarded a contract until funds have been certified by the accountable AFO. If funds or a “reasonable assurance” notification cannot be provided by the established cut-off date, the solicitation will be canceled before opening; and

(5) Solicitations issued under this authority shall contain a notice on the cover sheet and in Section L as follows:

“Notice to Offerors: Funds are not presently available for this project. No award will be made under this solicitation until funds are available. The Government reserves the right to cancel this solicitation, either before or after the closing date.”

**SUBPART 5332.9—PROMPT PAYMENT****5332.908 Contract clauses.**

The contracting officer shall insert the clause at 5352.232-9000, Remittance Address, whenever the following clauses are used: FAR 52.232-25, Prompt Payment, FAR 52.232-26, Prompt Payment for Fixed-Price Architect-Engineer Contracts, and FAR 52.232-27, Prompt Payment for Construction Contracts. Each of these prompt payment clauses requires that the contractor’s invoice include the name and address of the contractor official to whom payment is to be sent.